

LPI (Limited Price Inflation) Income Property Fund

INVESTMENT POLICY AND OBJECTIVES

The policy of the Fund is to provide pension investors with a secure inflation-hedged return using property as an alternative to traditional index-linked gilts and bonds. Its benchmark is the UK Retail Price Index ('RPI').

INVESTOR CONSTITUENCY

Approved UK defined benefit pension schemes.

Fund details

Type of fund	Unit-Linked Life Insurance
Residence	United Kingdom
Launch date	May 2010
Open/closed-ended	Open-ended
Earliest date of winding up	n/a
Year-end	31 March
NAV (GBPm)	1361.8

Source: Legal & General Investment Management Limited

Management/professional advisors

Manager	Legal & General Investment Management Limited
Investment Advisor	Legal & General Investment Management Limited
Fund Manager	Derek Gilby
Corporate trustee	n/a
Auditors	PwC

Source: Legal & General Investment Management Limited

Fund level total return, %

	LPI (Limited Price Inflation) Income Property Fund	MSCI/AREF UK Quarterly Property Fund Index*		
		Long Income Open-Ended Funds	All balanced open-ended funds	All funds
3 months	1.1	0.8	1.1	1.4
Year-to-date	2.4	0.8	1.7	1.7
12 months	-1.2	-1.5	0.1	0.0
3 years+	-2.8	-2.8	0.6	0.0
5 years+	0.5	0.2	1.5	0.6
10 years+	3.9	3.8	4.8	4.0

Source: MSCI/AREF UK Quarterly Property Fund Index*

Note: * Weighted average returns + Annualised

Fund Restraints

Property investment restrictions

Maximum development exposure	15%
Maximum speculative development exposure	Nil
Maximum lot-size holding as a standing investment	25%
Maximum lot-size holding permitted at purchase	25%
Maximum exposure to limited partnerships	Nil
Maximum exposure to joint ventures	33%
Maximum exposure to closed and open-ended property unit trusts	Nil

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	
for investment purposes	Nil
for liquidity purposes	Nil
Cash holdings (maximum)	20%
Cash holdings (minimum)	None

Note: * None specified

Source: Legal & General Investment Management Limited

Portfolio distribution %

	LPI (Limited Price Inflation) Income Property Fund +*	MSCI/AREF UK Quarterly Property Fund Index**		
		Long Income Open-Ended Funds	All balanced open-ended funds	All funds
Standard retail – South East	0.0	5.4	3.7	3.4
Standard retail – Rest of UK	0.0	2.2	1.1	1.2
Supermarkets	1.6	4.3	1.1	1.7

Shopping centres	1.3	0.5	0.9	0.6
Retail warehouses	0.0	0.5	12.0	7.4
All UK retail	2.9	12.9	18.8	14.4
City offices	0.0	1.2	3.1	2.6
West End offices	15.7	4.4	6.6	4.8
Rest of South East offices	4.7	6.6	6.3	5.2
Rest of UK offices	19.7	8.6	4.0	4.4
All UK offices	40.2	20.9	20.0	17.0
South East industrial	0.0	3.6	20.1	18.0
Rest of UK industrial	2.1	2.6	7.2	6.5
South East Distribution Warehouse	0.0	0.7	5.4	4.1
Rest of UK Distribution Warehouse	5.9	6.3	6.3	5.3
All UK industrial	8.0	13.1	39.1	33.8
Residential excl Student Accomodation	2.7	6.4	1.3	2.4
Student Accomodation	16.1	6.9	3.3	10.7
Hotel	0.0	16.8	3.2	6.1
Leisure	5.2	7.6	2.2	4.1
Healthcare	2.2	2.8	1.3	1.4
Other UK properties	18.5	9.0	3.2	4.1
Cash**	4.2	3.7	7.7	6.0
Overall	100.0	100.0	100.0	100.0

Note: + Includes the Fund's share of any properties held jointly or indirectly

Sources: * Legal & General Investment Management Limited

** MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	61	1,304.1	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0.0	0.0
Total	61	1,304.1	100.0

Source: Legal & General Investment Management Limited

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Private Individual, London	London	Offices	210-220	-
Private Individual, Liverpool	Liverpool	Offices	110-120	-
Private Individual, Doncaster	Doncaster	Industrial	80-90	-
Private Individual, Newcastle	Newcastle	Other	60-70	-
Private Individual, Aberystwyth	Aberystwyth	Other	40-50	-
Private Individual, CARDIFF	Cardiff	Offices	40-50	-
Private Individual, BILLINGHAM	Stockton on Tees	Other	40-50	-
Private Individual, London	London	Industrial	40-50	-
Private Individual, Epsom	Epsom	Offices	30-40	-
Private Individual, Glasgow	Glasgow	Offices	30-40	-
10 largest investments as % of portfolio			-	-

Source: Legal & General Investment Management Limited

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	22	50.8	3.9
2.5 - 5	0	0.0	0.0
5-10	6	44.7	3.4
10-25	15	244.3	18.7
25 - 50	14	491.4	37.7
50 - 100	2	146.0	11.2
100-150	1	112.6	*
Over 150	1	214.3	*
Total	61	1304.1	100.0
Average lot size		21.4	

Source: Legal & General Investment Management Limited

Property Yield		Voids as % of ERV	
Net initial yield	4.86%	Investments	0.00%
Nominal equivalent yield	-	Developments	-
True equivalent yield	-	Total	-
Net reversionary yield	-		

Source: Legal & General Investment Management Limited

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	2.0	1.2
Retail warehousing	0.0	0.0
Shopping centres	1.2	2.4
Central London offices	13.9	17.1
Other offices	26.6	27.6
Industrial	14.7	11.1
Other	41.7	40.5
Overall	100.0	100.0

Source: Legal & General Investment Management Limited

Over Renting and Reversionary Potential, % Rent Passing

Sector	Rent Passing, GBP Millions	Rent Free, % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented, % Rent Passing	Reversionary potential, % Rent Passing	Reversionary potential Net of Over renting, % Rent Passing	Market Value, % Rent Passing
Standard retail	1.4	-	-	-	-	-35.7	-71.5	64.3
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	0.8	-	-	-	-	103.2	-	203.2
Central London offices	9.4	-	-	-	-	29.1	-	129.1
Other offices	18.0	-	-	-	-3.9	8.5	4.6	108.5
Industrial	9.9	-	-	-	-28.2	-20.7	-49.0	79.3
Other	28.2	-	-	-	-20.2	1.7	-18.5	101.7
Overall	67.7	-	-	0.0	-14.3	4.5	-9.8	104.5

*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source: Legal & General Investment Management Limited

Listed Investments

	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

The unexpired term of leases % of rent passing

Years	Including breaks	Excluding breaks
20 years or greater	68.5	70.5
15 years or greater, but less than 20	25.0	22.9
10 years or greater, but less than 15	6.5	6.5
5 years or greater, but less than 10	0.0	0.0
Less than 5 years	0.0	0.0

Source: Legal & General Investment Management Limited

Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: Legal & General Investment Management Limited

Debt analysis

Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above Risk Free Rates (incl expenses) (%)	Off balance sheet debt (GBPm)+
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

Source: Legal & General Investment Management Limited

Development exposure*

	Capital value of developments			Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

* Includes joint ventures in which the Fund has an interest of 50% or more

Source: Legal & General Investment Management Limited

Valuations/performance monitors/affiliations

Frequency of valuation	Monthly, as at the last day of the month
Valuers	Knight Frank
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index*	Yes
Member of the Association of Real Estate Funds	Full member

Source: Legal & General Investment Management Limited

The contribution of major tenants to rental income

Tenant	%
Largest occupier	25.6
2nd largest occupier	6.6
3rd largest occupier	5.9
4th largest occupier	5.8
5th largest occupier	4.5
6th largest occupier	4.2
7th largest occupier	4.2
8th largest occupier	3.7
9th largest occupier	3.3
10th largest occupier	3.3
Three largest tenants' contribution to rental income	38.1
Five largest tenants' contribution to rental income	48.5
Ten largest tenants' contribution to rental income	67.1

Source: Legal & General Investment Management Limited

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1304.1	0.0	0.0	0.0	1304.1
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	57.7	0.0	0.0	0.0	57.7
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	1361.8	0.0	0.0	0.0	1361.8
Gearing (%)					
Net debt (cash)/properties	-4.4	-	-	-	-4.4
Net debt (cash)/equity	-4.2	-	-	-	-4.2

Source: Legal & General Investment Management Limited

Quarterly data per unit

As at	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Mar-24	30-Jun-24
Bid (GBP)	-	-	-	-	-	-
Offer (GBP)	-	-	-	-	-	-
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	2.1955	2.2046	2.1473	2.1309	2.1603	2.1861

Source: Legal & General Investment Management Limited

Unit pricing

The unit price is calculated monthly following the revaluation of the Fund's portfolio.

Distributions

The Fund is an accumulation fund and its gross income is reinvested.

Minimum investment/disinvestment

The minimum investment in the fund is GBP1.00m

Creation, transfer and realisation of units

Units may be created at any time at the discretion of the manager.

Trustees wishing to redeem units may give notice on Redemption Notice Day which is the last day of each month. To avoid penalizing other investors in the Fund and ensure stability, Trustees should expect to wait nine months between any redemption request and the receipt of the proceeds.

The manager will attempt to match buyers and sellers of units in the Fund on a monthly basis.

Taxation

CGT and income tax: the fund is exempt from UK capital gains tax and UK income tax.

Stamp duty reserve tax: transfers of units do not attract SDRT.

Charges

The Fund Manager is entitled to a Management Charge (payable quarterly) equivalent to 0.35% per annum of the net asset value of the Fund.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	23	8.5
1% or greater but less than 2%	8	11.9
2% or greater but less than 4%	10	27.9
4% or greater but less than 8%	2	11.9
Greater than 8.0%	2	39.9
Total	45	100.0
Major investors		
Largest holder	1	29.7
Three largest holders	3	47.3
Five largest holders	5	55.7
Ten largest holders	10	71.3
Internal/external investors		
Internal	0	0.0
External	45	100.0

Source: Legal & General Investment Management Limited

Liquidity						
Period	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023	Year to Dec 2024
Issues and redemptions						
Units in issue as at start of period	673,616,855	683,436,512	820,147,617	822,328,522	808,546,775	711,110,377
Units issued during period	28656960	150,237,312	17,106,032	5,876,870	73,168,176	20,599,699
Units redeemed during period	-18837303.02	-13,526,207	-14,925,128	-19,658,617	-170,604,574	-84,887,049
Units in issue at end of period	683,436,512	820,147,617	822,328,522	808,546,775	711,110,377	646,823,027
Unit transfers						
Matched bargains	0	0	0	0	0	0
Matched bargains %*	0	0	0	0	0	0

* as % of units in issue at the end of the period

Source: Legal & General Investment Management Limited